

MAY 4, 2012

**Council Implementing Decision no. 2012/232/EU authorising Romania to restrict the VAT deduction right on certain transactions regarding motorised road vehicles**

**Content of Decision**

Romania is authorised to limit to 50% the right to deduct VAT on the purchase, intra-Community acquisition, importation, hire or leasing of motorised road vehicles.

The same limitation applies to VAT charged on expenditure related to those vehicles.

This restriction is not applicable to:

- all vehicles which have a maximum permissible laden mass exceeding 3,500 kg or having more than 9 seats (driver's seat included);
- vehicles with a specific destination (used for emergency services, security services, courier services, driving lessons, used by sales agents, transport of passengers, used for hire or leasing, as well as trading purposes).

In cases where this limitation applies, the deemed supply rules for the personal use of company cars no longer apply.

The derogation expires on December 31, 2014 or upon the coming into force of EU rules regarding the same matter, whichever comes first.

**Notes**

The present decision does not have direct effect and an amendment of the national legislation will follow.

While the limitations mentioned are to some extent similar to the existing ones, they do entail certain additional elements which should be noted:

- applicability to hire and leasing transactions as well;
- applicability to related expenditure (presumably spare parts, technical inspections, repairs, etc).

The report hereto has a strictly informative, selective character; it does not represent legal advice, not treats a specific matter in all its aspects. This report is protected under the regulations pertaining to the copyright and it cannot be reproduced without the prior consent of Popovici Nitu & Asociatii. For supplementary information or analysis on specific matters, do not hesitate to contact **Alexandru Ambrozie** ([alexandru.ambrozie@pnpartners.ro](mailto:alexandru.ambrozie@pnpartners.ro)), Partner with Popovici Nitu & Asociatii Law Firm, or **Mihaela Pohaci** ([mihaela.pohaci@pnpartners.ro](mailto:mihaela.pohaci@pnpartners.ro)), Tax Partner with Popovici Nitu & Asociatii Tax SRL. For further information on Popovici Nitu & Asociatii, please visit our web page [www.pnpartners.ro](http://www.pnpartners.ro).